



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 1998

H.R. 4353

International Anti-Bribery and Fair Competition Act of 1998

As ordered reported by the House Committee on Commerce on September 24, 1998

CBO estimates that implementing H.R. 4353 would not result in any significant cost to the federal government. Because enactment of the bill could affect direct spending and receipts, pay-as-you-go procedures would apply. However, CBO estimates that any impact on direct spending and receipts would not be significant.

CBO has determined that this legislation is excluded from the application of the Unfunded Mandates Reform Act (UMRA) because it would amend the Foreign Corrupt Practices Act (FCPA) and other laws in ways that are necessary to implement the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Section 4 of UMRA excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations.

H.R. 4353 would expand the FCPA to cover additional offenses relating to corporate bribery of foreign officials. As a result, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects that the government probably would not pursue many such cases, however, so we estimate that any increase in federal costs for law enforcement, court proceedings, or prison operations would not be significant. Any such additional costs would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under the bill could be subject to civil and criminal fines, the federal government might collect additional fines (which are categorized as governmental receipts) if the bill is enacted. However, CBO expects that any additional fines would be negligible because of the small number of cases involved. Collections of criminal fines are deposited in the Crime Victims Fund and spent in the following year. Because any increase in direct spending would equal the fines collected with a one-year lag, the additional direct spending from the Crime Victims Fund also would be negligible.

H.R. 4353 would require the Department of Commerce to submit reports each year during the 1999-2004 period detailing the enforcement and monitoring efforts of foreign countries that ratified the convention. Based on information from the department, CBO estimates that such efforts would cost less than \$500,000 a year and would be subject to the availability of appropriated funds.

The CBO staff contacts for this estimate are Mark Grabowicz and Mark Hadley. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.